

Department of Licensing
Business and Professions Division
Real Estate Appraiser Section

REAL ESTATE APPRAISER COMMISSION MEETING MINUTES

November 18, 2005

OPENING The Real Estate Appraiser Commission Meeting was held at the Snohomish County Administration Building, Everett, Washington

MEMBERS

PRESENT: Dean Potter, Chair
 Brent Palmer, Vice-Chair
 John P. Fredrickson, Commissioner
 Cheryl K. Farivar, Commissioner
 Stephen Juntala, Commissioner

MEMBER

ABSENT: Michael Lightbourne, Commissioner

STAFF

PRESENT: Lee Malott, Administrator
 Ralph Birkedahl, Acting Program Manager
 Rick Notestine, Assistant Program Manager

I. CALL TO ORDER:

Chair Dean Potter called the meeting to order at 9:30 a.m.

APPROVAL OF MINUTES:

A motion was made to approve the August 18, 2005 Commission Meeting minutes with corrections, seconded and approved.

APPROVAL OF AGENDA:

A motion was made to approve the agenda, seconded and passed.

II. REPORTS:

A. STATE OF THE PROGRAM:

Ralph Birkedahl gave the state of program report including statistics relating to licensing transactions, appraiser population, complaints and investigations, disciplinary actions and course approvals. He reported to the Commission that an additional full-time Investigator had been hired and that the recruitment for the Office Assistant had begun.

Lee Malott, the new administrator, was introduced to the Commission.

B. EDUCATION WORK GROUP:

In the absence of Michael Lightbourne, Cheryl Farivar reported to the Commission that the group had a meeting immediately prior to the Commission meeting. She explained that the group was going through a growth process with new members every meeting. The group recommended to the Commission that appraisal courses necessary for a level of certification requiring a college degree be taught only by instructors who possess a comparable degree or appropriate work and/or instruction experience. The work group also recommended that there be a specific qualification process for teachers and instructors of courses required for appraiser certification or licensure. They further recommended that the work group and the Commission make specific recommendations in regards to qualifications criteria. It is the intention of the work group to continue to improve the instructor qualifications. Cheryl Farivar made a motion that the Commission support these recommendations. It was seconded and passed.

Rick Notestine gave a brief summarization of the customer survey that the program had mailed out.

Cheryl Farivar recommended to the audience that all appraisers enroll on the program's Listserv.

III. OLD BUSINESS:

WAC REVISIONS (OPEN FORUM):

Chuck Munson informed the Commission that the Seattle Chapter of the Appraisal Institute adopted a resolution to support the WAC as written in final draft dated November 30, 2005.

Wendy Munson, as a small business owner, also supported the WAC as written.

Jason Pustek opposed the absence of a distance limitation for residential appraiser trainees.

George Nervik reiterated the opposition of Jason Pustek.

David Santhuff suggested that the emphasis should be on training the supervisory appraisers on how to train their trainees and their responsibilities and not impose a distance limitation on trainees.

Jim Irish, representative of the Appraisers Coalition of Washington, supported the WAC as written. If problems occur changes to the rules will be easier than statute.

Dave Towne asked if experience gained by trainees prior to April 2006 would be acceptable. He also asked if the supervisory appraiser would have to accompany the trainee on twenty-five appraisals after April 1, 2006 to meet the new twenty-five appraisal requirement.

Ralph Birkedahl replied that any experience gained prior to April 2006 will be acceptable. In April 2006 the trainee will have to register to continue with

his/her experience. The supervisory appraiser would not have to accompany the trainee on twenty-five new appraisals after April 1, 2006 if he had done so in the past.

Barry Wilson and Anthony Myles were opposed to the elimination of the exemption from USPAP compliance for Expert Review Appraisers.

Stephen Juntala suggested that the process move forward with the draft WAC.

Brent Palmer moved that final draft be accepted, it was seconded and approved for recommendation to the Director.

IV.

NEW BUSINESS:

A. LEGISLATION PENDING IN THE US CONGRESS:

Brent Palmer gave a briefing regarding HR 1295 including some of the changes incorporated within the bill. This bill will add the terms “coercion, extortion, or bribery” to the standards, allows the Appraisal Subcommittee to better enforce the standards, grants funds to under-funded states for purposes of education, outreach and enforcement, requires fees to be used for the program and enforcement, allows the Appraisal Subcommittee to review how states are funded, and promotes professional organizations in self-policing. It will also require a special registry for mortgage brokers and state-licensing as well, and verifies standards for lender interaction with appraisers that protects against lender pressure.

Barry Wilson informed the Commission that he had attended a meeting at the Department of Financial Institutions on the proposed Mortgage Broker Act revision. He related that the Department of Financial Institutions and many regulators across the country are opposed to HR 1295 because it is a detriment to their consumer protection activities.

B. COMPENSATION FOR EXPERT REVIEW APPRAISERS:

John Fredrickson informed the Commission that he and Dean Potter had inquired of different states as to whether or not they compensate their expert review appraisers and whether or not they require them to comply with Standard 3 of the Uniform Standards of Professional Appraisal Practice when completing reviews. He related that almost 100% of the states queried required their experts to comply with Standard 3. He also said that some of the jurisdictions contacted rarely use outside expert review appraisers because they have appraisal expertise on staff. Some use outside reviews for complex or non-residential properties and are compensated at the market rate. Organizations were polled as to the compensation that expert review appraisers should receive and most were between 50 and 100% of market rate. He summarized by saying that quality deserves compensation.

Cheryl Farivar suggested that a poll be made of the Washington Expert Review Appraisers.

It was decided to further study this issue.

C. OFFICER ELECTIONS:

Brent Palmer was nominated as the 2006 Chairperson, the nomination was seconded and the vote was unanimous.

Cheryl Farivar was nominated as the 2006 Vice Chairperson, the nomination was seconded and the vote was unanimous.

V. OPEN FORUM

Stephen Juntala introduced an issue of organizations giving designations to persons not licensed or certified as real estate appraisers. He asked that this item be placed on an agenda for 2006.

Evan Kaiser asked the Commission what could be done about the significant number of USPAP non-compliant appraisers in Washington. He related that he had submitted a complaint to the Department in September without response.

Ralph Birkedahl responded to Evan Kaiser's concerns regarding the complaint process.

Barry Wilson brought up a problem with Certification 23 in the new Fannie Mae forms which allows for several different users of the appraisal report other than the original users. This seems to contradict Advisory Opinion 26 (AO-26) of the Uniform Standards of Professional Practice. He went on to recommend that the state of Washington send a representative to all Association of Appraiser Regulatory Officials conferences and meetings.

Jason Pustek asked that the Commission appoint a committee to look at the new forms and recommend language to be placed in rules to protect the appraisers from litigation.

David Towne asked the Commission to pass a resolution to require the meeting minutes be posted no later than three weeks after the meeting.

Lee Malott addressed the Commission saying he was impressed with the appraiser stakeholder interest, the commission's dedication to the profession, and the overall status of the appraiser program.

IV. ADJOURNMENT

There being no further business, a motion was made, seconded and passed to adjourn. Meeting was adjourned at 11:53 p.m.

Respectfully Submitted,

Original Signed

Ralph C. Birkedahl
Acting Program Manager
Real Estate Appraiser Program